

Role of Websites in Facilities Location

By:

**Dennis J. Donovan
Director, Global Location Services**

**The Wadley-Donovan Group
A Grubb & Ellis Company**

May 16, 2002

Role of Websites in Facilities Location

Introduction

The web has become an indispensable tool for corporate site selectors. Its impact is greatest during the “drill down” stage. This involves identifying a shortlist (typically 3 to 5) of finalist locations from an initial universe that might comprise hundreds of communities.

This article addresses the utilization of web-based informational sources by site selection professionals. In addition, suggestions for maximizing the effectiveness of economic development websites are tendered. These suggestions emanate from the corporate customer’s standpoint. They reflect what the site selector most needs from an economic development website.

The Web and Location Selection

Starting Out

Many industrial and office location projects begin by identifying the geographic search region. For some businesses, geographic constraint is a non-issue. Examples would include a shared-services (e.g., accounting) center for a national corporation or a medical equipment manufacturer with customers throughout North America. On the other hand, a significant number of new facilities must be located within limited geographic boundaries. This could range from a metro area to a specified distance (e.g., 250 miles) from a major/supplier or customer. Examples would include a tier one auto supplier, an intermediate chemicals producer, or a distribution center.

Irrespective of the extent of an initial search region, a systematic process must be followed to uncover several promising areas that seem to meet the new facility’s predominant needs. These shortlisted or finalist areas would be subjected to a due diligence evaluation in the next phase of the analysis. The process to identify the shortlisted areas on a typical site location project tends to be both time and information intensive. Judicious use of web based data sources can result in significant time efficiency and greater assurance that shortlisted locations are genuinely well suited for the business operation.

A good way to approach the research process for screening locations, to ultimately come up with a shortlist of viable contenders, is as follows. Initially, a multi-discipline team should be created to oversee the location project. One of the team’s first tasks is to quantify the new facility’s operating requirements (e.g., labor, transportation, and utilities) both for year one and at maturity. Concurrently the team needs to define and weight various locational criteria (e.g., market access, labor costs, building availability, etc.).

Once these parameters are established, a multi-stage process to identify the best prospective locations begins. Here is where the web as a site selection tools comes into play.

Initiating Research

At the outset, the idea is to eliminate areas that fail to pass the test on elementary criteria. These could include minimum population size, distance from a four-lane limited access highway, distance from a port or commercial airport, distance from a long-distance carrier point of presence (POP), etc.

Role of Websites in Facilities Location

Areas remaining from this initial cut are then subjected to a “screen” on pertinent locational indicators until a longlist, perhaps 10 to 20 areas, of qualified contenders emerges. In effect, this analysis amounts to an elimination process. The factors utilized to screen out areas should reflect the primary locational criteria delimited at the project’s inception.

An efficient way to accomplish the objective of identifying a longlist of promising locations is to rank order areas in terms of how they stack-up on key indicators. In a multi-stage process, examine potential locations by broad factor category. These could include labor availability, labor costs, attainment of air quality standards, transportation, electric power costs, and presence of onerous taxes, etc.

In each factor category, rank contending locations from highest to lowest. Carry forward those scoring in the top half. Examine the bottom half to ascertain if any locations should be provisionally carried forward. Repeat the process in each factor category until the longlist (those scoring in the top half of each screen) surface.

When conducting the screen, remember that data available from published and private sources is reported mostly on a metro area (there are some 365 in the U.S.) or county level (3,100 counties). But the challenge is where do you find requisite information?

The web provides a rich source of information for the site selector to use for screening potential locations. To uncover appropriate data sources, go to a major search engine and enter key words such as population estimates, unemployment, motor carrier services, serve storm risk, etc.

Web Based Data Sources

There are many on-line purveyors of information that report statistics on a metro and county level. Some are no cost while others require a fee. Examples of web-based data sources are listed below.

Data Source	Location Factors Reported
Applied Geographic Solutions www.appliedgeographic.com	Population, household income, employment by industry & occupation, adult educational attainment
Claritas www.claritas.com	Population, household income, employment by industry & occupation, adult educational attainment
CACI www.infods.com ,	Population, household income, employment by industry & occupation, adult educational attainment
Statistics Canada www.statcan.ca	Population, household income, employment by industry & occupation, adult educational attainment
Commerce Clearinghouse www.cch.com	Taxes, incentives
Vertex www.vertexinc.com	Sales & property taxes

Role of Websites in Facilities Location

Data Source	Location Factors Reported
National Association of State Development Agencies www.nasda.com	Highway access
American Motor Carriers Association www.cbizmedia.com/amc.html	Truck service
Official Railway Guide www.cbizmedia.com/org.html	Rail service
GCR & Associates www.gcr1.com	Airports
American Association of Port Authorities www.aapa-ports.org	Port characteristics
Association of Foreign Trade Zones www.naftz.org	Areas with foreign trade zones
U.S. Environmental Protection Agency www.epa.gov/airs/nonattn.html	Air quality
Vistainfo www.vistainfo.com	Air quality, environmental hazards
Economy.com www.economy.com	Variety of information by metro area including real estate trends, employment projections by industry, patents issued, etc.
Edison Electric Institute www.eei.org/products/pubcat	Electric power costs
American Public Power Association www.APPAnet.org/appahome.html	Electric power costs
American Natural Gas Association www.aga.org	Natural gas costs
Salary.com www.salary.com	Wages, by occupation
Wageweb.com www.wageweb.com	Wages, by occupation
ERI.com www.erieri.com	Wages, by occupation
U.S. Bureau of Labor Statistics http://stats.bls.gov	Unemployment & employment, by industry

Role of Websites in Facilities Location

Data Source	Location Factors Reported
KMI www.kmicorp.com	Telecommunications
Csyds.com www.csyds.com	Telecom, severe storm potential, and natural hazards
MilkenInstitute.org www.milken-inst.org	High-tech rankings for states and metro areas
Esri.com www.esri.com	Natural hazards
Maptech.com www.maptech.com	Stock aerial photos & satellite images
Monstermoving.com www.monstermoving.com	Cost of living & quality of life
Home Fair.com www.homefair.com	Cost of living & quality of life
ERI Relocation Assessor www.eri.com	Cost of living for areas of all sizes
Real Estate Yahoo.com www.realestateyahoo.com	Cost of living & quality of life

Mining Economic Development Websites

Once a longlist of attractive areas emerges, the task becomes comparing these locations to identify finalists that merit first-hand investigation. It is now time to tap the information resources of economic development organization websites.

Eventually, you will want to secure information on metro areas or counties. But some information must also be obtained on a statewide level (e.g., tax practices, state incentives, permit approval process). You may want to look at a state or utility economic development website first. Most will have links to local economic development websites.

Alternatively, you might contact a local area directly. The easiest way to find these websites is to go to a search engine and enter the phrase economic development for the state or local area that you have targeted.

What information should you be seeking? Among the data that will most often help you differentiate among a longlist of qualified areas are the following.

- Available sites/buildings
- Building and site costs
- Limited access, four-lane highways
- Motor carriers with local terminals
- Frequency of rail service
- Nonstop flights from the nearest airport

Role of Websites in Facilities Location

- Characteristics of the nearest water port
- Telecommunications services
 - Local exchange carriers
 - Competitive local exchange carriers
 - Long-distance carriers
- Taxation
 - Rates
 - Major exemptions
- As-of-right (legislated incentives)
 - State
 - Local
- Major employers
 - Overall
 - In your industry
- New/expanding employers
- Downsized employers
- Electric power capacity, reliability, cost
- Water supply
- Water/sewer treatment excess capacity
- Colleges/universities (two and four year)
- Resident employment, by specific occupation
- Military base (personnel, annual discharges, dependents)
- Compliance with Federal Air Quality Standards
- Housing costs
- Public education indicators
- Local wage surveys
- Unionized employers
- Union election activity
- Training assistance for new employees
- Workers compensation rates for your industry

Unfortunately, economic development websites will probably not contain all of this critical information. Therefore, you will need to extract data reported. Regarding informational gaps, it will be necessary to contact the appropriate economic development agency. The agency's contact particulars should be supplied on the appropriate website.

When requesting customized information from an economic development group, it is best to include the following in writing.

- Nature of the project
- Project highlights (e.g., site/buildings requirements, target occupancy date, staffing needs, projected salary levels, utility consumption, etc.)
- Specific information needed from the economic development organization
- Instructions for providing the information
- Confidentiality considerations

Role of Websites in Facilities Location

It is a good idea to call the economic development organization to alert them that you have a potential project and need for information. Then email your request and ask that responses precisely adhere to the format you desire. You don't want to sift through a series of attachments. Rather your informational requests should be directly answered.

Creating The Shortlist

Once you have both extracted information from the economic development website and procured specific data requests from the E.D. organization, it is then necessary to compare and rank longlisted areas. A good method for doing this is to create a factor weighting/area scoring model.

Establish major factor categories such as labor market. Then rate each area on individual factors (e.g., unemployment) within each category.

Next development a weighted score for each major category. Conclude by generating an overall composite score. This process will lead to the creation of a shortlist of finalist areas that appear to be most appropriate for the project in question.

The shortlisted areas will then need to be subjected to field investigation. You will now transition from web-based research to on-the-spot evaluation of several locations (usually three to four).

Economic Development Organization Websites

Current Status

At present, many websites of economic development entities fall far short of providing the information that site selectors need for discriminating among areas in the above defined location screening process. To provide better service to the corporate site seeker, the following guidelines are suggested for economic development organization websites.

The Essentials

The economic development website should appear on page one of major search engines, when using key words. This is especially important, as there is no comprehensive directory listing EDO web addresses. Among the most common search phrases are:

1. Place name (e.g., county)
2. Economic development: place (e.g., county)
3. Site selection: place (e.g., county)
4. Available sites: place (e.g., county)
5. Available buildings: place (e.g., county)
6. Industrial real estate: place (e.g., county)
7. Commercial real estate: place (e.g., county)

Role of Websites in Facilities Location

Once on an economic development website, it should be easy for the user to circumnavigate. Importantly, the site should be designed primarily for a single customer. Frequently, economic development websites are intended to serve multiple constituents including local stakeholders (e.g., investors in an EDO), governmental agencies, and other economic development agencies (e.g., state sites providing information to community EDOs), and the site selector. When a website is created for several audiences, often with disparate needs, the effectiveness for any one customer segment is generally diluted.

To be user friendly, an economic development website should also display the following characteristics.

1. Site map (menu) reflecting the categories of information pertinent to location selection, such as
 - Demographics
 - Labor force
 - Wages
 - Training/education
 - Major employers
 - New/expanding employers
 - Market proximity
 - Transportation
 - Utilities
 - Environmental
 - Taxes/incentives
 - Establishing a business including permits (executive summary)
 - Sites/buildings
 - Quality-of-life
2. A home page that clearly spells out
 - Purpose of the site
 - How to use the site
 - Where to obtain additional information (link to the “contact us” section)
3. Two pages after the home page, addressing
 - Introduction to the area
 - Highlights of the area
 - Links to geographic reference maps
 - Introduction to the host organization
 - Mission
 - Services offered
 - Illustrations of assistance provided to companies that have recently moved to the area
4. Separate pages devoted to a single locational topic or category (e.g., labor force)
 - Paragraph summarizing the economic development agency’s interpretation of what the data imply for site selection
 - Statistical summary of pertinent data
 - Link to more detailed information from the EDO’s database
5. Provide links to other appropriate sites (e.g., Job Service) but first cull the essential data and put it on your site
6. For marketing purposes, be sure that your site is linked to any agency promoting your area (e.g., tourism, chamber, newspaper, etc.)

Role of Websites in Facilities Location

7. In each section allow the user to click back to the home page
8. Have a message board where you can post the latest news on your area, answer customer questions, and obtain customer feedback

From a location decision-maker's standpoint, an economic development website should provide links to two databases. They are:

1. Location information that follows national data standards recommended by the International Economic Development Council (IEDC)
 - 24 statistical tables, each devoted to a location factor category (e.g., demographics)
 - Reported at the county and where appropriate MSA level
 - Specific data fields recommended
2. Available site/building profiles with information recommended in the IEDC data standards

The IEDC national data standards were crafted by a task force composed of site selection consultants and a cross section of economic development organizations. Data sets included in the standards comprise basic information that is frequently needed in the location of industrial and office facilities. Areas adopting the standards will materially increase their ability to service corporate prospects and realize a higher success rate in business attraction.

Sites/Buildings

Concerning the site/building component of the website, the following suggestions will ensure its appeal from the customer's perspective.

1. Search capability so that properties meeting specified criteria (e.g., size) can be identified
2. A search report that provides a matrix summary of qualified properties (maybe 6 – 10) information fields
 - Name
 - Location
 - Size
 - Ceiling height
 - Previous use
 - Highway linkage
 - Rail service
 - All utilities in place
 - Date constructed
3. Ability to click on a specific property listing to obtain
 - A one page executive summary with a photograph
 - Detailed information per the IEDC template
 - Maps and aerial photo would be helpful

Role of Websites in Facilities Location

Extras for States/Utilities

For states and utilities, it would be valuable to provide a matrix statistical summary of counties in the service territory. The summary would include basic locational information such as population, labor force, unemployment, highway linkage, utility service providers, etc. Then a link should be provided into each local economic development website. Hopefully the city or county will have posted the IEDC standards on its site.

Also for states and utilities, the ability to search for properties by combining both site/building characteristics and locational data would be appreciated. Example: all vacant industrial buildings from 25,000 – 50,000 with four-lane highway access, rail service, and natural gas in a community where population in a 20 mile radius exceeds 40,000.

Sampling, Best of Class Websites

In general, the depth and quality of economic development websites is lacking. A significant opportunity exists for areas to create/maintain state-of-the art websites which will result in: (a) getting on the radar screen for a greater number of site searches; (b) reaching the shortlist on more site searches; and (c) providing better service to prospective site seekers.

The Wadley-Donovan Group is an intensive user of economic development websites. Areas desiring to upgrade their web capabilities might want to look at some of the better sites on the market. In WDG's view, effective websites for the corporate site selector are listed below. Those marked with an asterisk were singled out by the Internal Economic Development Council as having best of class websites.

Communities	States	Utilities
San Mateo, CA*	Indiana	AEP
Tucson, AZ	Michigan	GA Power
Phoenix, AZ*	Pennsylvania	PSE&G
Charlotte, NC*	South Carolina	Entergy
Pinellas County, FL	Mississippi	Nebraska Public Power
Quad Cities, IA/IL	Oklahoma	District*
Atlanta, GA		
Atlanta, TX		
Northern Kentucky		
Longview, TX		
Kansas City		
Peterborough, ON*		
Toronto, ON		

Role of Websites in Facilities Location

Conclusions

The web has become an invaluable tool for corporate site selection. It is especially important for identifying the most attractive locations that merit a field-validated, due diligence review.

There are a number of excellent national data sources that provide requisite information on states and local areas. Once a longlist of areas emerges, economic development websites assume overriding importance. The better economic development agency websites will provide most of the information that the corporate site seeker needs to distinguish among longlisted locations.

Many of the best economic development websites have been recognized by IEDC for their effectiveness.

But the vast majority of economic development agencies have a long way to go in terms of fully meeting the site selector's needs. Hopefully, suggestions contained in this article will help economic development groups to better service corporate location prospects.

About the Author

Dennis J. Donovan is director of global site selection services for The Wadley-Donovan Group, A Grubb & Ellis Company. The firm advises companies on industrial and office location throughout the world. The author has been a site selection consultant for 28 years.